



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 13, 1998

### **H.R. 3039**

### **Veterans Transitional Housing Opportunities Act of 1998**

*As ordered reported by the House Committee on Veterans' Affairs on March 11, 1998*

#### **SUMMARY**

H.R. 3039 would establish a pilot program in the Department of Veterans Affairs (VA) to guarantee loans to organizations that serve homeless veterans. CBO estimates that enacting the bill would raise direct spending by \$1 million to \$2 million a year from 1999 through 2005, for a total cost of \$10 million over the span of the program. The bill would not significantly affect spending subject to appropriations. The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA), and would not significantly affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3039 is shown in the following table, assuming enactment during fiscal year 1998. The costs of this legislation fall within budget function 700 (veterans' affairs).

The bill would establish a pilot program to guarantee loans to organizations that would provide transitional housing to homeless veterans. The pilot program would be limited to 15 loans and the total guarantee could not exceed \$100 million. The loans could be used for a wide variety of activities, including construction or rehabilitation of housing, refinancing of existing loans, and acquisition of land, furniture, and equipment. Based on experience with similar programs of the VA and the Small Business Administration and assuming that the VA will establish terms and conditions similar to its current programs, CBO estimates that the subsidy rate for this program would be about 10 percent. Therefore, we estimate that the bill would provide subsidy appropriations of \$10 million, and that the program would cost approximately \$1 million a year over the 1999-2002 period and approximately \$2 million a year thereafter.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
<b>CHANGES IN DIRECT SPENDING</b>						
Loan Subsidy						
Estimated Budget Authority	0	1	1	1	1	2
Estimated Outlays	0	1	1	1	1	2

## **PAY-AS-YOU-GO CONSIDERATIONS**

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Changes in outlays	0	1	1	1	1	2	2	2	0	0	0	
Changes in receipts	Not Applicable											

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

The legislation contains no intergovernmental or private-sector mandates as defined in UMRA, and would not significantly affect the budgets of state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATE**

On January 23, 1998, CBO prepared an estimate for H.R. 3039 as introduced. The total estimated costs are the same for both versions except that CBO now assumes a later enactment date that would cause spending to begin in 1999 instead of 1998. The bill as introduced included a financing mechanism that raised several unresolved issues and had the potential of increasing the pay-as-you-go costs over the amount estimated by CBO; thus, CBO could not estimate its full impact.

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